

2021年5月19日

Maxim Group LLCによる当社レポートの発表に関するお知らせ

現地時間の2021年5月18日、米国ニューヨーク州の投資銀行Maxim Group LLCのJason McCarthy博士による、当社の2021年12月期第1四半期の決算発表に基づくレポートが発表されましたので、参考情報としてお知らせいたします。

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【Maxim Group LLC 公式 web サイト】

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Biotechnology

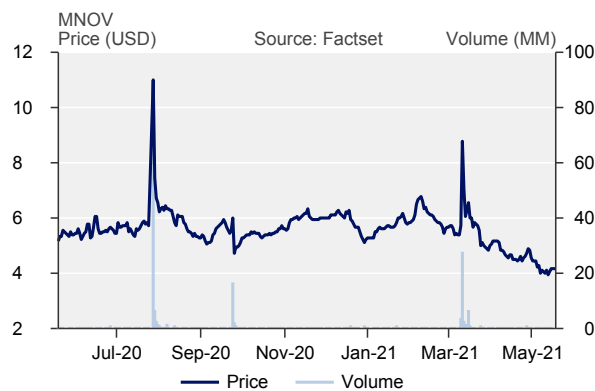
MNOV - NASDAQ

May 18, 2021

| | |
|------------------------------|------------------|
| Closing Price 5/17/21 | \$4.09 |
| Rating: | Buy |
| 12-Month Target Price: | \$15.00 |
| 52-Week Range: | \$3.87 - \$13.25 |
| Market Cap (M): | 199.5 |
| Shares O/S (M): | 48.8 |
| Float: | 95.0% |
| Avg. Daily Volume (000): | 949.6 |
| Debt (M): | \$0.0 |
| Dividend: | \$0.00 |
| Dividend Yield: | 0.0% |
| Risk Profile: | Speculative |
| Fiscal Year End: | December |

Total Expenses ('000)

| | 2020A | 2021E | 2022E |
|-----------|---------------|---------------|---------------|
| 1Q | 2,924 | 4,202A | 8,484 |
| 2Q | 4,510 | 4,329 | 8,853 |
| 3Q | 3,730 | 4,463 | 9,591 |
| 4Q | 3,013 | 4,602 | 9,960 |
| FY | 14,178 | 17,596 | 36,889 |
| Prior | — | 22,259 | 40,980 |



MediciNova, Inc.

Buy

Quarter Update; Awaiting MN-166 Updates Across Pipeline, Strong Balance Sheet – Reiterate Buy

Summary

- **MediciNova reported 1Q21 results on 5/13/21 with revenues of \$4M resulting from two milestone payments. The company also reported a net loss of (\$0.2M) and ended the period with \$76.3M in cash on the balance sheet, which should provide sufficient runway through 2022 to fund the company's multiple late-stage programs.**
- **The milestone payments were received under an agreement with Genzyme Corporation, a subsidiary of Sanofi (SNY - NR), as a result of the company achieving two clinical development milestones in March for a gene therapy product based on adeno-associated virus (AAV) vector technology.**
- **MN-166 programs: management continues to advance its multi-staged asset, MN-166, in various programs, including a P3 in amyotrophic lateral sclerosis (ALS); P3 in degenerative cervical myelopathy (DCM); P2b in chemotherapy-induced peripheral neuropathy; P1/2 in glioblastoma (GBM). Further updates from the trials are expected over the remainder of 2021.**

Details

MN-166. MN-166 (ibudilast) is a small molecule inhibitor of macrophage migration inhibitor factor (MIF) and phosphodiesterase-4 (PDE-4) as well as attenuation of activated glial cells. The drug has a de-risked safety profile due to it being marketed in Japan for post-stroke dizziness (another neurological disease) for two decades. Neuroinflammation has emerged as a therapeutic target across multiple neurodegenerative diseases. The lead indication is ALS, with a P3 ongoing. In P1b/2a, MN-166 demonstrated a 29.4% response rate on the ALSFRS-R functional rating scale compared to 17.6% for placebo. MN-166 has also demonstrated promising results in MS with P2b efficacy data that compared favorably to existing approved therapies (in cross-trial comparisons). The company is currently in the process of discussing potential partnerships for its P3 study in progressive MS. In addition, MN-166 is being developed for a number of other neurodegenerative diseases including degenerative cervical myelopathy (P3 ongoing), chemotherapy-induced peripheral neuropathy (P2b ongoing), and glioblastoma (P1/2 ongoing, funding to start potential registration enabling study secured).

Recall MN-166 is also being developed as a medical countermeasure against chlorine-gas induced lung injury, such as acute respiratory distress syndrome (ARDS) and acute lung injury (ALI). Notably, MN-166 is the first compound to receive development support through BARDA's Division of Research, Innovation, and Ventures' (DRIVE) Repurposing Drugs in Response to Chemical Threats (ReDIRECT) program, providing further validation to the compound's potential.

MN-001. MediciNova's second drug candidate, MN-001, is an antifibrotic drug that targets multiple mechanisms to address fibrosis, including reduction of gene expression involved fibrosis and inflammation, inhibition of leukotriene and phosphodiesterases, and reduction of triglycerides and is de-risked due to prior results in asthma (safety in >600 patients). MediciNova is currently targeting NASH and idiopathic pulmonary fibrosis (IPF). NASH is a complex disease, likely requiring multiple mechanisms. Considering MN-001 targets multiple mechanisms, we see a higher probability of success in NASH vs. similar stage therapeutics. The drug has demonstrated positive P2 data in triglyceride profiles in NASH/NAFLD patients (study terminated early for efficacy); next step would be a P2 in biopsy confirmed NASH. In IPF, MN-001 is being evaluated in a P2 study that recently completed patient enrollment.

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| MediciNova.: Income Statement (\$000) | | | | | | | | | | | | | | | | | |
|---|----------|----------|--------|---------|---------|---------|----------|----------|----------|--------|---------|---------|---------|---------|-----------|-----------|-----------|
| YE December 31 | 2019A | 2020A | 1Q21A | 2Q21E | 3Q21E | 4Q21E | 2021E | 2022E | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E |
| Revenue: | | | | | | | | | | | | | | | | | |
| MN-166 - ALS (WW) | - | - | - | - | - | - | - | - | 33,247 | 92,262 | 154,810 | 232,188 | 302,626 | 362,165 | 428,241 | 482,120 | 525,940 |
| MN-166 - Glioblastoma (WW) | - | - | - | - | - | - | - | - | - | - | 34,482 | 83,223 | 160,465 | 218,176 | 280,278 | 319,302 | 361,017 |
| MN-166 - Substance Dependence (US) | - | - | - | - | - | - | - | - | - | - | - | 56,958 | 115,847 | 183,301 | 239,726 | 270,108 | 301,622 |
| MN-001 Idiopathic Pulmonary Fibrosis (US) | - | - | - | - | - | - | - | - | - | - | - | 15,529 | 47,804 | 81,754 | 117,445 | 137,729 | 158,992 |
| MN-001 NASH (US) | - | - | - | - | - | - | - | - | - | - | - | 12,710 | 65,212 | 107,065 | 137,327 | 169,097 | 216,892 |
| Net revenue | - | - | - | - | - | - | - | - | 33,247 | 92,262 | 189,292 | 400,608 | 691,955 | 952,461 | 1,203,018 | 1,378,356 | 1,564,463 |
| Collaborative revenue: | | | | | | | | | | | | | | | | | |
| Revenues | - | - | 4,000 | - | - | - | 4,000 | - | - | - | - | - | - | - | - | - | - |
| Other Income | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Collaborative Revenue | - | - | 4,000 | - | - | - | 4,000 | - | - | - | - | - | - | - | - | - | - |
| Total Revenue | - | - | 4,000 | - | - | - | 4,000 | - | 33,247 | 92,262 | 189,292 | 400,608 | 691,955 | 952,461 | 1,203,018 | 1,378,356 | 1,564,463 |
| Gross Margins: | | | | | | | | | | | | | | | | | |
| Cost of Goods Sold | - | - | - | - | - | - | - | - | 9,974 | 25,833 | 47,323 | 88,134 | 138,391 | 190,492 | 240,604 | 275,671 | 312,893 |
| %Gross Margin | - | - | - | - | - | - | - | - | 70% | 72% | 75% | 78% | 80% | 80% | 80% | 80% | 80% |
| Gross Profit | - | - | 4,000 | - | - | - | 4,000 | - | 23,273 | 66,428 | 141,969 | 312,474 | 553,564 | 761,969 | 962,414 | 1,102,685 | 1,251,570 |
| Operating Expenses: | | | | | | | | | | | | | | | | | |
| Research and Development | 6,079 | 7,485 | 2,145 | 2,253 | 2,365 | 2,483 | 9,246 | 21,870 | 26,244 | 31,492 | 37,791 | 39,680 | 41,664 | 43,747 | 45,935 | 48,232 | 50,643 |
| %R&D | | | | | | | | | | | | | | | | | |
| Selling, General and Administrative | 7,952 | 6,693 | 2,056 | 2,077 | 2,098 | 2,119 | 8,349 | 15,019 | 20,319 | 24,383 | 29,260 | 35,112 | 38,623 | 42,486 | 46,734 | 51,407 | 56,548 |
| %SG&A | | | | | | | | | | | | | | | | | |
| Total Expenses | 14,031 | 14,178 | 4,202 | 4,329 | 4,463 | 4,602 | 17,596 | 36,889 | 56,537 | 81,709 | 114,374 | 162,926 | 218,678 | 276,725 | 333,272 | 375,310 | 420,084 |
| Operating Income (Loss) | (14,031) | (14,178) | (202) | (4,329) | (4,463) | (4,602) | (13,596) | (36,889) | (23,290) | 10,553 | 74,918 | 237,682 | 473,276 | 675,736 | 869,745 | 1,003,046 | 1,144,379 |
| Interest income | 1,148 | 361 | 37 | - | - | - | 37 | - | - | - | - | - | - | - | - | - | - |
| Other expense | (46) | (38) | (23) | - | - | - | (23) | - | - | - | - | - | - | - | - | - | - |
| Total Other Income | 1,102 | 323 | 14 | - | - | - | 14 | - | - | - | - | - | - | - | - | - | - |
| Pretax Income | (12,929) | (13,856) | (188) | (4,329) | (4,463) | (4,602) | (13,582) | (36,889) | (23,290) | 10,553 | 74,918 | 237,682 | 473,276 | 675,736 | 869,745 | 1,003,046 | 1,144,379 |
| Income tax (expense) | (13) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Taxes on income | - | (2) | - | - | - | - | - | - | - | - | - | - | - | 13,515 | 43,487 | 80,244 | 114,438 |
| Tax Rate | - | - | - | - | - | - | - | - | - | - | - | - | - | 2% | 5% | 8% | 10% |
| GAAP Net Income (Loss) | (12,942) | (13,854) | (188) | (4,329) | (4,463) | (4,602) | (13,582) | (36,889) | (23,290) | 10,553 | 74,918 | 237,682 | 473,276 | 662,221 | 826,258 | 922,802 | 1,029,941 |
| Foreign currency translation adjustments | 0 | 4 | 7 | - | - | - | 7 | - | - | - | - | - | - | - | - | - | - |
| Total comprehensive loss | (12,942) | (13,849) | (181) | (4,329) | (4,463) | (4,602) | (13,575) | (36,889) | (23,290) | 10,553 | 74,918 | 237,682 | 473,276 | 662,221 | 826,258 | 922,802 | 1,029,941 |
| GAAP-EPS | (0.30) | (0.31) | (0.00) | (0.09) | (0.09) | (0.10) | (0.29) | (0.76) | (0.46) | 0.21 | 1.46 | 4.61 | 9.13 | 12.73 | 15.82 | 17.60 | 19.56 |
| GAAP-EPS (Dil) | (0.30) | (0.31) | (0.00) | (0.09) | (0.09) | (0.10) | (0.29) | (0.76) | (0.46) | 0.21 | 1.46 | 4.61 | 9.13 | 12.73 | 15.82 | 17.60 | 19.56 |
| Wgt'd Avg Shrs (Bas) - '000s | 43,159 | 44,413 | 47,535 | 47,583 | 47,630 | 47,678 | 47,607 | 48,547 | 50,996 | 51,201 | 51,406 | 51,612 | 51,818 | 52,026 | 52,234 | 52,444 | 52,654 |
| Wgt'd Avg Shrs (Dil) - '000s | 43,159 | 44,413 | 47,535 | 47,583 | 47,630 | 47,678 | 47,607 | 48,547 | 50,996 | 51,201 | 51,406 | 51,612 | 51,818 | 52,026 | 52,234 | 52,444 | 52,654 |

Source: Company reports and Maxim

DISCLOSURES

MediciNova, Inc. Rating History as of 05/17/2021

powered by: BlueMatrix



Maxim Group LLC Ratings Distribution

As of: 05/17/21

| | | % of Coverage Universe with Rating | % of Rating for which Firm Provided Banking Services in the Last 12 months |
|-------------|---|---------------------------------------|--|
| Buy | Fundamental metrics and/or identifiable catalysts exist such that we expect the stock to outperform its relevant index over the next 12 months. | 86% | 54% |
| Hold | Fundamental metrics are currently at, or approaching, industry averages. Therefore, we expect this stock to neither outperform nor underperform its relevant index over the next 12 months. | 14% | 52% |
| Sell | Fundamental metrics and/or identifiable catalysts exist such that we expect the stock to underperform its relevant index over the next 12 months. | 0% | 0% |

**See valuation section for company specific relevant indices*

I, Jason McCarthy, Ph.D., attest that the views expressed in this research report accurately reflect my personal views about the subject security and issuer. Furthermore, no part of my compensation was, is, or will be directly or indirectly related to the specific recommendation or views expressed in this research report.

I, Michael Okunewitch, attest that the views expressed in this research report accurately reflect my personal views about the subject security and issuer. Furthermore, no part of my compensation was, is, or will be directly or indirectly related to the specific recommendation or views expressed in this research report.

The research analyst(s) primarily responsible for the preparation of this research report have received compensation based upon various factors, including the firm's total revenues, a portion of which is generated by investment banking activities.

Maxim Group makes a market in MediciNova, Inc.

Maxim Group expects to receive or intends to seek compensation for investment banking services from MediciNova, Inc. in the next 3 months.

MNOV: For MediciNova, we use the BTK (NYSE Arca Biotechnology Index) as the relevant index.

Valuation Methods

MNOV: We model commercialization of MN-166 for ALS in 2023, glioblastoma in 2025, and substance dependence in 2026 with a 70% risk adjustment, and of MN-001 in NASH and IPF in 2026 with an 80% and 70% risk adjustment, respectively. A 30% discount is applied to the free cash flow, discounted EPS, and sum-of-the-parts models, which are equally weighted to derive a 12-month price target.

Price Target and Investment Risks

MNOV: Aside from general market and other economic risks, risks particular to our price target and rating for Medicinova include: (1) the regulatory and clinical risk associated with product development; (2) the ability to access capital and the very high likelihood that the company will need to raise additional capital; (3) the rate and degree of progress of product development; (4) the rate of regulatory approval and timelines to potential commercialization of products; (5) the reliance on collaborators and/or potential collaborators from which there could be unforeseen delays and expenses; (6) the requirements for marketing authorization from regulatory bodies in the United States and other countries; (7) the liquidity and market volatility of the company's equity securities; (8) regulatory and manufacturing requirements and uncertainties; (9) product and technology developments by competitors; (10) inability, if product(s) is/are approved to gain adequate market share and maintain adequate revenue growth; (11) the ability of the company to maintain its exchange listing; (12) the ability of the company to find partners or secure funding for late stage trials; (13) the severity and duration of the COVID-19 pandemic may impact the ability of the company to enroll clinical trials, and may impact the commercial viability of MN-166 as a treatment for COVID-19 ARDS.

RISK RATINGS

Risk ratings take into account both fundamental criteria and price volatility.

Speculative – Fundamental Criteria: This is a risk rating assigned to early-stage companies with minimal to no revenues, lack of earnings, balance sheet concerns, and/or a short operating history. Accordingly, fundamental risk is expected to be significantly above the industry. **Price Volatility:** Because of the inherent fundamental criteria of the companies falling within this risk category, the price volatility is expected to be significant with the possibility that the investment could eventually be worthless. Speculative stocks may not be suitable for a significant class of individual investors.

High – Fundamental Criteria: This is a risk rating assigned to companies having below-average revenue and earnings visibility, negative cash flow, and low market cap or public float. Accordingly, fundamental risk is expected to be above the industry. **Price Volatility:** The price volatility of companies falling within this category is expected to be above the industry. High-risk stocks may not be suitable for a significant class of individual investors.

Medium – Fundamental Criteria: This is a risk rating assigned to companies that may have average revenue and earnings visibility, positive cash flow, and is fairly liquid. Accordingly, both price volatility and fundamental risk are expected to approximate the industry average.

Low – Fundamental Criteria: This is a risk rating assigned to companies that may have above-average revenue and earnings visibility, positive cash flow, and is fairly liquid. Accordingly, both price volatility and fundamental risk are expected to be below the industry.

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ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST



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Global Equity Trading: 212-895-3623

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